

STATE OF MAINE  
PUBLIC UTILITIES COMMISSION

Docket No. 2000-1036

June 29, 2001

CENTRAL MAINE POWER COMPANY  
Recovery of Stranded Costs from Kennebunk,  
Kennebunkport and Wells Water District

ORDER APPROVING  
STIPULATION

---

WELCH, Chairman; NUGENT and DIAMOND, Commissioners

---

**I. SUMMARY**

In this Order we approve a stipulation entered into between Central Maine Power Company (CMP) and Kennebunk, Kennebunkport and Wells Water District (KKWWD or the District) which resolves all issues arising out of the Legislature's enactment of P.&S.L. 1997, ch. 72. Under the terms of the stipulation, KKWWD will pay CMP \$140,000 within 60 days of the date of this Order, which represents the parties' reasonable estimate of the net present value of CMP's stranded costs allocable to KKWWD.

**II. BACKGROUND**

On March 30, 1998, the Maine Legislature enacted P.&S.L. 1997, ch. 72 (Chapter 72) which authorized KKWWD to disconnect from CMP's system and to connect and take electric service from Kennebunk Light and Power District. The legislation provides that if KKWWD disconnects from CMP's system, the District will pay CMP a reasonable allocation of CMP's stranded costs as determined by the Public Utilities Commission. KKWWD would become liable for its allocated stranded costs beginning on the date KKWWD disconnected from CMP's system.

On, or about, April 3, 1998, KKWWD disconnected from CMP's system and has taken service from Kennebunk Light and Power District since such time. On December 27, 2000, CMP filed a letter with the Commission stating that it had calculated the net present value of stranded costs allocable to KKWWD from April 1998 to December 2016<sup>1</sup> to be approximately \$207,000.

On February 13, 2001, KKWWD filed a petition to intervene in this proceeding and on February 13, 2001, the Examiner issued a Procedural Order making KKWWD a party to this proceeding. Following the filing of responses to both written and oral data requests, settlement conferences were held on April 24, 2001 and on May 16, 2001.

---

<sup>1</sup>CMP projects that stranded costs will expire by the end of 2016.

On June 13, 2001, CMP and KKWWD filed a stipulation which resolves all issues between CMP and KKWWD. Under the terms of the stipulation the parties agreed that \$140,000 is a reasonable estimate of the stranded costs to be allocated to KKWWD under Chapter 72. KKWWD shall pay this amount to CMP in a lump sum within 60 days of the date of the order approving stipulation. The parties agree that the ratemaking treatment of this payment shall be determined in CMP's current stranded cost proceeding, Docket No. 2001-232.

### III. DECISION

We find that the stipulation is reasonable, in the public interest and consistent with legislative mandates. As noted above, CMP initially calculated the stranded costs to be allocated to KKWWD to be \$207,000. Based on the information which was presented to the Maine Legislature when it enacted Chapter 72, KKWWD believed the amount was closer to \$80,000 to \$120,000. Trying to predict the level of CMP's stranded costs for the next sixteen years is at best an inexact science. Given the number of assumptions that must be made to perform such a calculation, including the price that CMP will receive for the output of its purchased power contracts and what CMP's obligations will be for its nuclear interests, we find that the \$140,000 amount agreed to in the stipulation is a reasonable estimate of KKWWD's share of CMP's total stranded costs and is consistent with the requirements of Chapter 72.

The parties to the stipulation agree that the ratemaking treatment of KKWWD will be determined in CMP's stranded cost proceeding. To ensure that this issue is properly preserved, CMP shall defer on its books of account the payment received from KKWWD and shall accrue carrying costs on the amount from the date of payment. With this additional assurance we also find that the stipulation is in the public interest.

Finally, we note that given the divergent interests of the parties to the stipulation and given the active participation of our staff in this process, we are satisfied that the parties to the stipulation represent a sufficiently broad spectrum of interests to satisfy that there has been disenfranchisement, or the appearance of disenfranchisement, here. We are also satisfied that the process that led to the stipulation was fair to all parties.

We thus conclude that call of our criteria for approving a stipulation have been met here. See *Central Maine Power Company, Request for Approval of Alternative Rate Plan (Post-Merger)* "ARP 2000," Docket No. 99-666, Order at 11 (Nov. 16, 2000). Accordingly, it is

### ORDERED

1. That the stipulation entered into between Central Maine Power Company and Kennebunk, Kennebunkport and Wells Water District (a copy of which is attached hereto) is approved; and

2. That CMP shall defer with carrying costs the payment to be made by KKWWDD to CMP under the terms of the stipulation.

Dated at Augusta, Maine, this 29<sup>th</sup> day of June, 2001.

BY ORDER OF THE COMMISSION

---

Dennis L. Keschl  
Administrative Director

COMMISSIONERS VOTING FOR:      Welch  
                                                 Nugent  
                                                 Diamond

## NOTICE OF RIGHTS TO REVIEW OR APPEAL

5 M.R.S.A. § 9061 requires the Public Utilities Commission to give each party to an adjudicatory proceeding written notice of the party's rights to review or appeal of its decision made at the conclusion of the adjudicatory proceeding. The methods of review or appeal of PUC decisions at the conclusion of an adjudicatory proceeding are as follows:

1. Reconsideration of the Commission's Order may be requested under Section 1004 of the Commission's Rules of Practice and Procedure (65-407 C.M.R.110) within 20 days of the date of the Order by filing a petition with the Commission stating the grounds upon which reconsideration is sought.
2. Appeal of a final decision of the Commission may be taken to the Law Court by filing, within 30 days of the date of the Order, a Notice of Appeal with the Administrative Director of the Commission, pursuant to 35-A M.R.S.A. § 1320(1)-(4) and the Maine Rules of Appellate Procedure.
3. Additional court review of constitutional issues or issues involving the justness or reasonableness of rates may be had by the filing of an appeal with the Law Court, pursuant to 35-A M.R.S.A. § 1320(5).

Note: The attachment of this Notice to a document does not indicate the Commission's view that the particular document may be subject to review or appeal. Similarly, the failure of the Commission to attach a copy of this Notice to a document does not indicate the Commission's view that the document is not subject to review or appeal.